San Francisco Unified School District Summary of Budget Outlook for FY 2005-06 (Revised May 18, 2005)

Outlook Based on Current Assumptions

SFUSD staff estimates that a \$22.3 million budget gap must be addressed between now and June 30, 2006.

This includes a gap of \$4.9 million for Fiscal Year 2004-05.

- Staff is working to address this potential shortfall in order to end FY 2004-05 with the required unrestricted reserve balances.
- Strategies being implemented include: spending freeze, hiring freeze, strategic use of restricted funds.

If the FY 2004-05 gap is closed, the FY 2005-06 gap will be reduced to \$17.4 million.

Budget Assumptions

General

- Governor's May proposal implemented, including shift of teachers' retirement costs and special education mental health responsibilities to school districts
- Unrestricted General Fund reserves must equal 2% (of total General Fund expenditures and transfers out)
- Step and column increases equal to 1% of payroll
- Designated reserve for new School of the Arts equals \$10.3 million

Expenses Not Accounted For

- Collective bargaining compensation increases
- o Lopez attorneys' fees

General Considerations

If Prop 98 had not been suspended and all mandated reimbursements were paid, SFUSD would receive \$69 million more in FY 2005-06 than currently projected.

The May Revise leaves the anticipated position of the District's UGF essentially unchanged. The Cost of Living Adjustment (COLA) has increased slightly, from 3.93% to 4.23%; however, this increase is largely offset by the Administration's new proposal to shift responsibilities for special education mental health services from county mental health agencies to schools.

California's K-12 community is anxiously awaiting further development of the state's budget and hopes for better news about education funding for FY 2005-06.

In the meantime, staff intends to bring forward for the Board's consideration multiple strategies to close the budget gap that will exist if state funding for education does not improve.

Staff will continuously seek the Board's feedback on possible strategies; however, staff urges the Board to keep in mind that eliminating one strategy from consideration increases the need to identify other budget cuts.

Possible Gap Closing Strategies

Reduce Contributions to Special Programs (a.k.a. "Encroachments")

- Total target reduction of \$9.8 million in Unrestricted General Fund (UGF) contributions to special programs (currently projected to total \$39.8 million absent any reductions)
- Special Education strategies have been identified to reduce UGF contribution by \$2.5 million during FY 2005-06
- Transportation strategies have been identified to reduce UGF contribution by \$3.8 million during FY 2005-06
- Child Development strategies have been identified to eliminate UGF contribution for FY 2005-06
- Student Nutrition strategies have been identified to eliminate UGF contribution for FY 2005-06

Central Office Budget Cuts

- Previous target reduction of \$4.6 million in centrally budgeted offices and activities will be met and exceeded; actual cuts will total over \$6.1 million
- o Cuts include estimated reductions of management and non-management positions
- o Cuts include estimated \$1.5 million in non-personnel cuts
- Cuts include three furlough days for non-school site staff

Benefits Reductions

- Target reduction of \$3.1 million in fringe benefits costs through collective bargaining with one or more employee groups
- Possibilities include negotiating co-payments for medical / dental benefits (potentially all employee groups) or classified employees paying a portion or all of their own contributions to the City Retirement system.

School Closures

- Estimate of \$1.14 million in UGF savings will be realized for FY 2005-06 from school closures approved to date;
- No additional savings have been reflected for Treasure Island, pending final Board decision
- No lease revenues assumed

Payment from UESF

 UESF has been notified of their responsibility to pay the District nearly \$720,000 as a contractually required partial reimbursement of salary and benefits costs for employees on leave to conduct union business during 2002-03, 2003-04, 2004-05.

Nearly \$1.6 million in savings would still need to be identified under assumptions outlined above.

SÀN FRANCISCO UNIFIED SCHOOL DISTRICT FY 2004-05 AND FY 2005-06 PROJECTIONS

UNRESTRICTED GENERAL	FU	ND						_				_		
		04-05 FY		05-06 FY		INITIAL		05-06	05	06 PROJECTION BEFORE		05-06		05-06
	<u>P</u>	ROJECTION	<u> </u>	ROJECTION	A	DJUSTMENTS	AD	JUSTMENTS	ļ	REDUCTIONS	<u> </u>	REDUCTIONS	<u>P</u>	ROJECTION
DEVENUE			(BA	SED ON 04-05)										
REVENUE LIMIT SOURCES	s	261,322,872	\$	261,322,872	\$	(1,000,000)	s	10,423,704	5	270,746,576	2		s	270,746,576
FEDERAL REVENUES	\$	418,746	\$	418,746	•	(1,000,000,			\$	418,746	•		\$	418,746
OTHER STATE REVENUES OTHER LOCAL INCOME	Ş	28,021,587 50,738,300	Ş	28,021,587 50,738,300	•	(20,573,000)	\$ \$	750,000 1,500,000	\$ \$	28,771,587 31,665,300	•		Ş	28,771,587 31,665,300
NET REVENUES	\$	340,501,505	<u>*</u>	340,501,505	\$	(21,573,000)	_	12,673,704	\$	331,602,209	<u>*</u>		<u>*</u>	331,602,209
1121 11211020	•	040,007,000	•	040,001,000	•	(27,010,000)	•	,2,010,101	•	001,002,200	•	- 1	*	551,502,205
TRANSFERS TO CHARTERS		15.044.405		(F.044 455)			_	(7.10.084)		10.004.570)				
PROPERTY TAXES REVENUE LIMIT	\$ 2	(5,941,4 9 5) (3,312,378)		(5,941,495) (3,312,378)	\$	•	\$	(743,081) (823,357)	\$	(6,684,576) (4,135,735)	\$ \$		\$ \$	(6,684,576) (4,135,735)
TOTAL TRANSFERS TO CHARTERS	\$	(9,253,873)	_	(9,253,873)	_		<u>*</u>	(1,566,438)	_	(10,820,311)	_	•	<u>*</u>	(10,820,311)
									L					
TOTAL REVENUE	\$	331,247,632	<u>\$</u>	331,247,632	\$	(21,573,000)	\$	11,107,266	\$	320,781,898	\$	•	\$	320,781,898
EXPENDITURES														
CERTIFICATED SALARIES	\$	157,509,623	\$	157,509,623	\$	1,700,000	\$	1,575,096	\$	160,784,719	\$	(5,627,465)	\$	155,157,254
CLASSIFIED SALARIES	\$	41,330,508	\$	41,330,508			\$	413,305	\$	41,743,813	\$	(1,461,033)	\$	40,282,780
EMPLOYEE BENEFITS BOOKS & SUPPLIES	\$	66,162,488 4,300,000	Ş S	66,162,488 4,300,000			\$	4,550,192	\$	70,712,680 4,300,000	\$	(3,130,786) (500,000)	\$ \$	67,581,894 3,800,000
SERVICE/CONTRACT/OPER EXPENSES	\$	17,300,000	\$	17,300,000	\$	1,000,000			\$	18,300,000	\$	(2,000,000)	Š	16,300,000
CAPITAL OUTLAY	<u>\$</u>	131,753	<u>\$</u>	131,753	<u>\$</u>	<u> </u>	<u>\$</u>		<u>\$</u>	131,753	<u>\$</u> _		<u>\$</u>	131,753
TOTAL EXPENDITURES	\$	286,734,372	\$	286,734,372	\$	2,700,000	\$	6,538,594	\$	295,972,966	\$	(12,719,285)	\$	283,253,681
EXCESS/DEFICIENCY	\$	44,513,260	<u> </u>	44,513,260	S	(24,273,000)	\$	4,568,672	\$	24,808,932	\$	12,719,285	Š	37,528,217
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CONTRIB FROM RESTICTED REVENUES	<u> </u>													
MEGA TRANFERS	\$	4,500,000	\$	4,500,000	<u>\$</u> _	(2,500,000)	_		\$	2,000,000	\$	• ·	\$	2,000,000
TOTAL RESTRICTED REVENUE	\$	4,500,000	\$	4,500,000	\$	(2,500,000)	\$	•	\$	2,000,000	\$	•	\$	2,000,000
ONGOING & DEFERRED MAINTENANCE														
CONTRIBUTION	\$	(14,031,936)	\$	(14,031,936)	\$		\$		<u>\$</u>	(14,031,936)	\$		<u>\$</u>	(14,031,936)
TOTAL MAINTENANCE	\$	(14,031,936)	\$	(14,031,936)	\$	-	\$	-	\$	(14,031,936)	\$	-	\$	(14,031,936)
WDD-CT COOTS									1		ŀ			
INDIRECT COSTS INTER PROGRAM (CATEGORICALS)	\$	10,752,005	•	10,752,005	\$	_	•		s	10,752,005	\$	_	\$	10,752,005
INTERFUND (CATEGORICALS)	\$	3,344,469	\$	3,344,469	\$		\$		<u> </u>	3,344,469	Š	-	\$	3,344,469
TOTAL INDIRECT COSTS	\$	14,096,474	\$	14,096,474	\$	-	\$	•	\$	14,096,474	\$	•	\$	14,096,474
									l					
INTERFUND TRANSFER IN INTERFUND TRANSFER IN	•	43,382	\$	43,382	\$	_		_	١,	43,382		_		43,382
TOTAL INTERFUND TRANSFER IN	\$	43,382		43,382	_		\$		<u>*</u>	43,382	<u>\$</u> \$		* \$	43,382
	_	40,002	_ ~	40,002			_		Ľ				*	73,302
EXCESS/DEFICIENCY	\$	49,121,180	\$	49,121,180	\$	(26,773,000)	\$	4,568,672	\$	26,916,852	\$	12,719,285	\$	39,636,137
ENODO A CUMENTO														
ENCROACHMENTS COUNTY SCHOOLS/SPECIAL ED	s	32,097,343	5	32,097,343					L	32,097,343	5	(6,300,000)		25,797,343
CHILD DEVELOPMENT FUND	\$	2,477,275		2,477,275	\$	500,000			Š	2,977,275	\$	(2,977,275)		-
CAFETERIA FUND	\$		\$	521,780	_		_		\$	521,780	\$	(521,780)	\$.
DEBT SERVICE	<u> </u>	4,322,680	<u>\$</u> _	4,322,680	<u>\$</u>	(100,000)			<u>\$</u>	4,222,680	•		\$	4,222,680
TOTAL ENCROACHMENTS	\$	39,419,078	\$	39,419,078	\$	400,000	\$	-	\$	39,819,078	\$	(9,799,055)	\$	30,020,023
EXCESS/DEFICIENCY	\$	9,702,102	\$	9,702,102	\$	(27,173,000)	\$	4,568,672	\$	(12,902,226)	\$	22,518,340	\$	9,616,114
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BEGINNING BALANCE	\$	3,514,952	\$	10,817,054	\$	_	\$		\$	10,817,054	\$	-	\$	10,817,054
PRIOR VEAR AS INCOME.	•	(0.400.000)							 \$		 		<u> </u>	
PRIOR YEAR ADJUSTMENT	\$	(2,400,000)					_		F		-		<u> </u>	-
ENDING FUND BALANCE	\$	10,817,054	\$	20,519,156	\$	(27,173,000)	\$	4,568,672	\$	(2,085,172)	\$	22,518,340	\$	20,433,168
	··-	,,,	Ť				_	, . <u> ,</u>	Ť	,,	ΙŤ	, ,	ŕ	,,
DESIGNATED BALANCES	_			_						_			1	
RESERVE - ECONOMIC UNCERTAINTIES	\$	4,797,699	- 1	4,797,699	•		Ş	4,581,298	\$	9,378,997	\$	-	\$	9,378,997
REVOLVING FUND STORES	Š		\$ \$	500 540,758	\$	•	Š		2	500 540,758	;	-	\$	500 540,758
SOTA	\$	10,324,000	\$	10,324,000	\$		\$_		\$	10,324,000	<u> </u>		\$	10,324,000
	\$	15,662,957	\$	15,662,957	\$	•	\$	4,581,298	\$	20,244,255	\$	•	\$	20,244,255
LINDEOLONATED DAY ANGE (EVEN	•	(4 0 4E 000)	_	4 DEC 400	•	/27 470 000	<u></u>	(40.000)	╞	(22 220 40=1	-	22 540 040	Ļ	400.040
UNDESIGNATED BALANCE (END)	\$	(4,845,903)	<u>\$</u>	4,856,199	\$	(27,173,000)	\$	(12,626)	<u> </u>	(22,329,427)	<u> </u>	22,518,340	\$	188,913

SAN FRANCISCO UNIFIED SCHOOL DISTRICT FY 2004-05 AND FY 2005-06 PROJECTIONS UNRESTRICTED GENERAL FUND

UNRESTRICTED GENERAL	FU	DND												
									05	-06 PROJECTION	7	· /		
		04-05 FY	_	05-06 FY		INITIAL		05-06	ĺ.	BEFORE	05-06		05-06	
	Ē	ROJECTION		ROJECTION ASED ON 04-05)	A	DJUSTMENTS	AD	JUSTMENTS	!	REDUCTIONS		REDUCTIONS	<u> </u>	ROJECTION
REVENUE			(55	13LD ON 04-03)					1		İ			1
REVENUE LIMIT SOURCES	s	261,322,872	\$	261,322,872	2	(1,000,000)	s	10,423,704	\$	270,746,576	\$		\$	270,746,576
FEDERAL REVENUES	š	418,746	Š	418,746	•	(1,000,000)	•	10,423,754	[418,746	•	•	Š	418,746
OTHER STATE REVENUES	\$	28,021,587	\$	28,021,587			\$	750,000	Š	28,771,587			\$	28,771,587
OTHER LOCAL INCOME	\$	50,738,300	\$	50,738,300	\$	(20,573,000)	\$	1,500,000	<u> </u>	31,665,300	\$_		\$_	31,665,300
NET REVENUES	\$	340,501,505	\$	340,501,505	\$	(21,573,000)	\$	12,673,704	\$	331,602,209	\$	-	\$	331,602,209
									l					
TRANSFERS TO CHARTERS														
PROPERTY TAXES	\$	(5,941,495)		(5,941,495)		•	\$	(743,081)		(6,684,576)		-	\$	(6,684,576)
REVENUE LIMIT	<u>\$</u>	(3,312,378)	_	(3,312,378)			\$	(823,357)	<u> </u>	(4,135,735)	<u>\$</u> _		\$	(4,135,735)
TOTAL TRANSFERS TO CHARTERS	\$	(9,253,873)	\$	(9,253,873)	\$	-	\$	(1,566,438)	\$	(10,820,311)	\$	-	\$	(10,820,311)
TOTAL DEVENUE	_	204 047 000	_	204 247 222		(04 570 000)	_	44 407 000	Ļ	222 724 222	-		_	
TOTAL REVENUE	\$	331,247,632	\$	331,247,632	\$	(21,573,000)	\$	11,107,266	\$	320,781,898	\$	-	\$	320,781,898
EVDENDITURE									1					Į.
EXPENDITURES CERTIFICATED SALARIES		457 500 622		457 500 600		4 700 000	e	4 575 000	۱.	460 784 740		(5 CO7 4CE)	١.	455 457 054
CLASSIFIED SALARIES	Š	157,509,623 41,330,508	\$	157,509,623 41,330,508	•	1,700,000	2	1,575,096 413,305	\$	160,784,719 41,743,813	\$ \$	(5,627,465) (1,461,033)		155,157,254
EMPLOYEE BENEFITS	š	66,162,488	š	66,162,488			Š	4,550,192	[]	70,712,680	š	(3,130,786)		40,282,780 67,581,894
BOOKS & SUPPLIES	\$	4,300,000	Š	4,300,000			•	1,000,102	Š	4,300,000	Š	(500,000)		3,800,000
SERVICE/CONTRACT/OPER EXPENSES	\$	17,300,000	\$	17,300,000	\$	1,000,000			\$	18,300,000	\$	(2,000,000)		16,300,000
CAPITAL OUTLAY	\$	131,753	\$	131,753	\$	-	<u>\$</u>		<u> </u>	131,753	<u>\$</u>	-	<u>\$</u>	131,753
TOTAL EXPENDITURES	\$	286,734,372	\$	286,734,372	\$	2,700,000	\$	6,538,594	\$	295,972,966	\$	(12,719,285)	\$	283,253,681
EXCESS/DEFICIENCY	\$	44,513,260	\$	44,513,260	\$	(24,273,000)	\$	4,568,672	\$	24,808,932	\$	12,719,285	\$	37,528,217
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CONTRIB FROM RESTICTED REVENUES	<u> </u>								1		l		İ	
MEGA TRANFERS	<u>\$</u>	4,500,000	\$	4,500,000	\$	(2,500,000)	\$		<u> \$</u>	2,000,000	<u> </u>		<u>\$</u>	2,000,000
TOTAL RESTRICTED REVENUE	\$	4,500,000	\$	4,500,000	\$	(2,500,000)	\$	-	\$	2,000,000	\$	-	\$	2,000,000
									l		1			
ONGOING & DEFERRED MAINTENANCE									l		1			
CONTRIBUTION	\$	(14,031,936)	\$	(14,031,936)	\$		\$		\$	(14,031,936)	<u>\$</u>	•	\$	(14,031,936)
TOTAL MAINTENANCE	\$	(14,031,936)	\$	(14,031,936)	\$	•	\$	-	\$	(14,031,936)	\$	-	\$	(14,031,936)
									l	•	l			1
INDIRECT COSTS									l					
INTER PROGRAM (CATEGORICALS)	\$	10,752,005	\$	10,752,005	\$	-	\$	•	\$	10,752,005	\$	•	\$	10,752,005
INTERFUND (CATEGORICALS)	\$	3,344,469	\$	3,344,469	\$	-	\$	-	<u> </u>	3,344,469	\$		\$_	3,344,469
TOTAL INDIRECT COSTS	\$	14,096,474	\$	14,096,474	\$	-	\$	-	\$	14,096,474	\$	-	\$	14,096,474
									l		ŀ		ĺ	
INTERFUND TRANSFER IN									l					
INTERFUND TRANSFER IN	\$_	43,382	\$	43,382	\$	•	\$	-	<u>\$</u>	43,382	<u>\$_</u>	-	\$	43,382
TOTAL INTERFUND TRANSFER IN	\$	43,382	\$	43,382	\$	-	\$	-	\$	43,382	-	-	-	43,382
											ľ		ľ	,
EXCESS/DEFICIENCY	\$	49,121,180	\$	49,121,180	\$	(26,773,000)	\$	4,568,672	\$	26,916,852	\$	12,719,285	\$	39,636,137
								<u> </u>	Т		Н		Г	
ENCROACHMENTS											•		l	
COUNTY SCHOOLS/SPECIAL ED	\$	32,097,343	\$	32,097,343					\$	32,097,343	\$	(6,300,000)	\$	25,797,343
CHILD DEVELOPMENT FUND	\$	2,477,275	_	2,477,275	\$	500,000			\$	2,977,275		(2,977,275)		- 1
CAFETERIA FUND	ş	521,780	5	521,780	_		_		!	521,780	\$	(521,780)	\$	
DEBT SERVICE	Ť	4,322,680	<u>\$</u>	4,322,680	\$	(100,000)	_	<u>.</u>	1 3	4,222,680	•	-	•	4,222,680
TOTAL ENCROACHMENTS	\$	39,419,078	\$	39,419,078	\$	400,000	\$	•	\$	39,819,078	\$	(9,799,055)	\$	30,020,023
	_		_		_				Ļ		Ļ		Ļ	
EXCESS/DEFICIENCY	\$	9,702,102	<u>\$</u>	9,702,102	<u>\$</u>	(27,173,000)	\$	4,568,672	\$	(12,902,226)	1 \$	22,518,340	<u> </u>	9,616,114
	_		_		_		_		Ļ		Ļ		<u> </u>	
BEGINNING BALANCE	<u>\$</u>	3,514,952	\$	10,817,054	<u> </u>	-	<u>\$</u>		<u> \$</u>	10,817,054	\$	-	\$	10,817,054
									<u> </u>		L			
PRIOR YEAR ADJUSTMENT	\$	(2,400,000)							\$	•			\$	•
ENDING FUND BALANCE	\$	10,817,054	\$	20,519,156	\$	(27,173,000)	\$	4,568,672	\$	(2,085,172)	\$	22,518,340	\$	20,433,168
											Г	······································		
DESIGNATED BALANCES									1		l		ĺ	
	\$	4,797,699	\$	4,797,699			\$	4,581,298	\$	9,378,997	\$	-	\$	9,378,997
REVOLVING FUND	\$		\$	500	\$	•	\$	•	\$	500	\$	•	\$	500
STORES	\$	540,758	\$	540,758	\$	-	\$	-	\$	540,758	\$	-	\$	540,758
SOTA	\$	10,324,000	\$	10,324,000	\$	•	\$	•	<u>\$</u>	10,324,000	\$_	•	<u>\$</u> _	10,324,000
	\$	15,662,957	\$	15,662,957	\$	-	\$	4,581,298	\$	20,244,255	\$	-	\$	20,244,255
	_	/ 	_		_				Ļ		Ļ		Ļ	
UNDESIGNATED BALANCE (END)	\$	(4,845,903)	\$	4,856,199	\$	(27,173,000)	\$	(12,626)	<u> </u>	(22,329,427)	\$	22,518,340	\$	188,913

	Communications Commission
Docket No.	4-191 Exhibit No. 78-B SFUSD
Presented by	s Fus D
Disposition	{ Identified $6/20/05$ Received $6/22/05$ (See Order FCC Rejected 0577-31),
Reporter ΔT Date $6/22/6$	10- 25